

The American Rescue Plan County Board Meeting

September 21, 2021



About the American Rescue Plan (ARP)

- \$1.9 trillion rescue package to address immediate community needs associated with the COVID-19 and resulting economic impacts and set communities on an equitable path to recovery and resilience
- St. Louis County Allocation is \$54,536,596 of one-time funds.
- County has received its request for the first payment which was in the amount of \$27,268,298.
- The second half will be received approximately 12 months later after the date the first payment was received.



ARP Direct Impact on SLC (Update)

- US Treasury Guidance has been issued in the form of an Interim Final Rule.
- US Treasury continues to answer questions and update guidance but final rule still pending
- Funds must be spent or encumbered by December 31, 2024.
- Funds encumbered for capital projects must be spent by December 31, 2026.



ARP Key Planning To Date

- Conversations have continued with County Commissioners individually and as Group
- Multiple Board workshops with plan framework
- Extensive communications with stakeholders and partner agencies as well as community outreach by departments
- Estimated Department expenses/needs/potential projects
- Monitoring other state and federal programs and opportunities



Eligibility Investment Categories

- “ARPA provides a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the county recovers.”
- Resources dedicated to “respond to the COVID-19 public health emergency and its economic impacts through four categories of uses:”
 - A. To respond to the public health emergency;
 - B. Addressing its negative economic impacts;
 - C. Serving the hardest hit;
 - D. Improving access to water, sewer or broadband infrastructure



Guidance for Eligible Uses

- Support urgent COVID-19 response efforts to continue to decrease spread of the virus and bring the pandemic under control; and
- Replace lost public sector revenue to strengthen support for vital public services and help retain jobs; and
- Support immediate economic stabilization for households and businesses; and
- Address systematic public health and economic challenges that have contributed to the unequal part impact of the pandemic on certain populations; and
- US Treasury will presume that certain types of services are eligible uses when provided in a Qualified Census Tract (QCT) and services to address health disparities qualify



Ineligible Uses

- Offset a tax cut
- Deposit in pension funds
- Bolstering rainy day funds
- Debt service payments



Replace Public Sector Revenue Loss

- It is presumed that any decrease of revenues due to the pandemic are eligible
- Auditor's Office estimating lost public sector revenue following the guidance provided to date, but these figures are not certain
- Clarification on formula and calculations are still pending from the US Treasury
- Impact of lost revenue allows ARP funds to fund that loss, with cities and counties able to flexibly then use that funding for general government purposes; provides the most flexibility
- **Potential** impact totaling \$5,400,000-\$19,500,000



Replace Public Sector Revenue Loss

- There is extra caution necessary regarding the planned use of revenue losses
- While the rule allows the County to “plan for” revenue losses in 2021, 2022 and 2023, there is no way to accurately estimate what those losses would be in those three years should the rules change
- The loss for the first year of the pandemic (2020) is currently projected at \$5.4m; with estimates of \$1.85m (2021); \$6.50m (2022) and \$5.75m (2023) for those years
- Absent future guidance from US Treasury it is reasonable at this time to only plan for the use of the previous year (2020) projected loss, then phase-in other potential uses as future year figures are solidified under final US Treasury rules
- However, looking at it a bit more aggressively it is proposed that the combined 2020 and 2021 years totaling \$7.25m be considered



ARP Action Steps To Date

- Continue Analysis of Guidance
- Board action on School Reengagement Initiative to assist with the mentorship of children as they return to school (\$5.2 m +/-)
- Board action on broadband planning grants (\$250k)
- Board action on broadband infrastructure grants (\$1.75m)
- Continue to evaluate COVID-10 Public Health expenses and various revenue streams working to update estimates through the budget process (currently estimated @ \$5m for 3 years)
- Commitment to investigating different tools to supplement the use of our traditional tools



Preliminary Plan Previously Discussed with County Board



PRELIMINARY CONCEPTS FOR USE OF FUNDS American Rescue Plan (ARP) St. Louis County, Minnesota

Rev. 07-08-2021

The **American Rescue Plan (ARP) Act of 2021**, also called the COVID-19 Stimulus Package, is a \$1.9 trillion economic stimulus bill passed by the 117th United States Congress and signed into law by President Joe Biden on March 11, 2021, to speed up the United States' recovery from the economic and health effects of the COVID-19 pandemic and the ongoing recession. This act provided "**Coronavirus State and Local Fiscal Recovery Funds**" to eligible government agencies to be used for eligible uses when responding to COVID-19 public health emergency and economic impacts.

St. Louis County, MN – ARP Allocation

\$54.8 million

ARP Costs Incurred by

December 21, 2024

USE OF FUNDS (Preliminary Concepts)

* SUPPORT PUBLIC HEALTH RESPONSE		
A. COVID Response		\$5.0
B. COVID Recovery		\$9.0
• School Reengagement		\$6.0
• Health Concerns		\$1.0
• Housing		\$2.0
C. COVID County Expenses		\$7.0
• Personnel		\$2.0
• Capital Improvements		\$1.0
• IT/Security		\$2.0
• Health Insurance		\$2.0
TOTAL		\$21.0

REPLACE PUBLIC SECTOR REVENUE LOSS (EST.)		
• FY 2019/2020		\$8.5
• FY 2020/2021		\$4.75
• FY 2021/2022		\$4.75
TOTAL		\$18.0


ADDRESS NEGATIVE ECONOMIC IMPACTS		
• Business Assistance		\$2.0
TOTAL		\$2.0-4.0

WATER & SEWER INFRASTRUCTURE		
• Landfills		\$9.0
• W-S Infrastructure		\$1.0
TOTAL		\$10.0-12.0


BROADBAND INFRASTRUCTURE		
• Infrastructure		\$1.75
• Planning		\$0.250
TOTAL		\$2.0-4.0





ARPA Plan Recommendation


	<div><h1>American Rescue Plan (ARP)</h1><h2>St. Louis County, Minnesota</h2></div> <div>Rev. 07-08-2021</div>			
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St. Louis County, MN – ARP Allocation	<table><tr><td>\$54.5 million</td><td>ARP Costs Incurred by</td><td>December 21, 2024</td></tr></table>	\$54.5 million	ARP Costs Incurred by	December 21, 2024
\$54.5 million	ARP Costs Incurred by	December 21, 2024		


USE OF FUNDS (Recommendation)

	SUPPORT PUBLIC HEALTH RESPONSE
A. COVID Response	\$5.0
B. COVID Recovery	\$12.5
• School Reengagement	\$5.2
• Future Health Concerns	\$1.0
• Housing	\$4.0
• Clarity Gap Funding	\$2.0
• Other	\$0.3
C. COVID County Expenses	\$7.0
• Personnel	\$2.0
• Capital Improvements	\$1.0
• IT/Security	\$2.0
• Health Insurance	\$2.0
TOTAL \$24.5	

	REPLACE PUBLIC SECTOR REVENUE LOSS (EST.)
• FY 2019/2020	\$5.40
• FY 2020/2021	\$1.85
• FY 2021/2022	\$6.50
• FY 2022/2023	\$5.75
TOTAL \$19.5	

	ADDRESS NEGATIVE ECONOMIC IMPACTS
• Business Assistance	\$1.0
TOTAL \$1.0	

	WATER & SEWER INFRASTRUCTURE
• Landfills	\$10.0
• W-S Infrastructure	\$1.0
TOTAL \$11.0	

	BROADBAND INFRASTRUCTURE
• Infrastructure	\$1.75
• Planning	\$0.250
TOTAL \$2.0	

Propose to hold uncommitted **\$10.6m** from the \$54.5



ARPA Plan Recommendation

PHHS COVID Response

- What is PPHS COVID Response? – This category is the work is the responsibilities of our Public Health Division in core areas of responsibility related to the pandemic, emergency preparedness sand vaccination, after we maximize all other revenue opportunities.
- In other words, we always try to find other revenue sources to allow for ARPA monies to be used for other eligible projects/costs.
- This **\$5m** currently includes costs estimated at:
 - personnel and overtime of \$3.7m,
 - Infection Control of \$450k
 - Infection & Quarantine staffing with CHUM through the end of '21 \$105k
 - testing kits, supplies, travel, misc, other, etc.. \$745k



ARPA Plan Recommendation

COVID Recovery

- What is COVID Recovery? – This category is directly called out and a focus of US Treasury Guidance and the key purpose of the relief funds.
- This **\$12.5m** includes costs estimated at:
 - School Reengagement \$5.2m – authorized by the County Board in August;
 - Future Health Concerns \$1m – These funds are set aside for potential gap funding around health disparities including mental health;
 - Housing \$4m – opportunity to invest in strategic opportunities in line with needs identified by recent system Environmental Scan, presented at a previous County Board workshop - see next slides; and
 - Clarity Project \$2m – The County had previously received \$5m from the State of Minnesota for this project. We have received word this week that a site has been selected, was approved by co-tenants and is now moving forward as the single site. Most positively this will allow for a remodel vs. new construction and staff remains hopeful on the price estimate. If needed, these monies would get the project over the finish line.



ARPA Plan Recommendation

COVID Recovery

- The New Model for Housing Homeless People – what is it?
- Homelessness and housing instability continues to be a barrier increasing challenges for all households in SLC
- COVID-19 shined a light on the challenges of both finding housing and the supports & services needed by individuals in this situation
- This on-going challenge resulted in a proposal from Duluth shelter and supportive service providers seeking ARPA funds to construct and increase shelter capacity
- The New Model concept is a similar approach for how to create more affordable housing and how to maximize housing supports rental assistance and services to keep people housed



ARPA Plan Recommendation

COVID Recovery

- The New Model as proposed would ideally consist of 2 projects; one to be located north and one south within one of our qualified census tract's
- The southern project would include 2-12 micro-dwelling units
- The northern project would include 1-12 micro-dwelling units
- Potential development partners have been identified for both projects but other more unique housing opportunities being considered by AEOA and Range Transitional Housing will be evaluated as well



ARPA Plan Recommendation

County COVID Expenses

- What is County COVID Response - **\$7m**? – This category includes the reimbursement for a wide variety of other costs incurred by the County as a result of the pandemic
- Of this \$7m noted here the County has already expended about \$1.2m on our day-to-day response to the pandemic
- Specific examples include the reimbursement of emergency management and safety & risk management personnel; health care insurance; facility (capital) improvements, IT security associated with our internal operations
- A more specific reminder is as our work force has become more mobile during the pandemic, how do we protect the variety of private data that we maintain. Upgrades to our computer security systems and related insurance enhancements have been required
- With the pandemic still surging it is important that funds be identified to allow the County to respond in ways that protect our employees and our citizens
- As we work with our outside auditor this area continues to get refined and it is expected that some of these identified reimbursements will most likely need to shift to the Revenue loss category per the advice of our outside Auditor



ARPA Plan Recommendation

Business Assistance (NEF)

- What is Business Assistance - **\$1m**? This category is to identify funding to provide funding to those businesses hardest hit by the pandemic
- A \$2m proposal has been received from the Northeast Entrepreneur Fund (NEF) and a program developed utilizing ARPA monies provided to NEF to leverage additional funds for SLC businesses
- Staff has been working with NEF on the development of this program which In this proposal would focus on the sectors hit hardest: travel, tourism, and hospitality.
- The program will address specific challenges and remedies in these sectors related to workforce shortages, access to capital, and adapting small businesses to long-term changes
- Further, NEF can leverage those monies to obtain additional outside funding to increase the giving to SLC businesses to approximately \$10m
- A challenge under US Treasury is that the County may need to request for proposals for administering the program on its behalf



ARPA Plan Recommendation

Business Assistance (EDA)

- On a parallel path, just this past week we have begun exploration of the Federal Economic Development Administration receiving an additional \$3b for its EDA Economic Adjustment assistance grant program under ARPA
- A goal of the County should be to try and leverage this federal program to create a local revolving loan fund
- If successful in obtaining EDA monies, it could allow the County to shift additional ARPA funds to other priorities but also increase our financial ST/LT commitment above the \$1m level to those businesses in most need of assistance
- Baker Tilly is working with staff to develop a proposal to the EDA for funds to establish a County economic development loan program



ARPA Plan Recommendation

Revenue Loss

- What is Revenue Loss - **\$7.25m**? This category consists of the key projects that the estimated first year losses experienced by the County can be turned over and used including:
 - Revenue Loss Reimbursement Public Works - \$3.9m
 - Environmental Services Broadband Needs at Canister sites and transfer stations - \$650k
 - Northern Fairgrounds Building Projects - \$1.2m
 - Heliene Solar Plant Expansion - \$1m
 - DEI Initiatives - \$360k
- No further commitment on future revenue losses until full scope of future pandemic costs are known and accurate annual revenue loss projections can be identified



ARPA Plan Recommendation

Water & Sewer Infrastructure

- What is the water and sewer category - **\$11m**?
- The Board has clearly articulated one of its highest priorities is the use of ARPA monies to ensure that clean water is protected in the County
- Several projects, totaling approximately \$10m, have been identified that will directly impact our regional landfill in Virginia and upgrade our leachate treatment system resulting in the ability to not only protect the water but expand the useful life of our landfill by an estimated 50 years
- A huge win for SLC residents that most likely would otherwise be difficult to identify a financial solution. The new system would include a control building, 3 treatment ponds, a engineered manufactured wetland, and a leachate purification system
- The County has received inquiries from several smaller governing agencies that have some need for funding for other projects addressing imminent health risks protecting clean water for SLC residents (Crane Lake, Ash River, City of Cook, etc)
- \$1m is proposed to respond to these imminent health risks and if Board supported, a framework for this application program still needs to be developed



ARPA Plan Recommendation

Broadband

- What is the Broadband category - **\$2m**?
- The need for improved broadband access is the one area that the Board has probably received the most direct feedback in terms of funding needs
- Broadband funding was clearly a priority of the federal government when it authorized ARPA and the associated state and federal programs. To try and assist some of local communities two different programs were created by the Board.
- The first was a \$250k pool for assisting communities with the necessary planning work associated with identifying a plan for addressing a community's broadband needs
- The second was a \$1.75m pool to fund the infrastructure needs and assist communities with the gap financing necessary to get an actual project over the finish line



Potential Uses of Revenue Losses

1. Public Works Broadband Needs at facilities - \$600k
2. Aging in Place Pilot Program - \$500k
3. Canyon Landfill - \$4m
4. Mental Health and Associated Housing Initiatives - \$??
5. PW 2022 State Aid Construction - \$1.7m
6. County Board Room Renovation - \$??
7. Additional Final Mile Broadband Improvements - \$??




Potential Uses of Revenue Losses (if available)

- Film Incentive Program - \$??
- ATV JPB Trail Master Planning - \$??
- Virginia GSC Generator - \$??
- Motor Pool Utilization - \$??
- ARC/AJC/NERCC Study - \$??
- Duluth GSC Customer Service Area Redesign - \$??
- DMV Space Upgrades - \$??
- Broader Housing Investment Program - \$??
- Various Individual Project Developments – \$??





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ARP Next Steps – Proposed Schedule

- September 21 Workshop – Today initial recommendation from Administration
- September 21-27 – Additional Commissioner input accepted
- September 28 COW – Initial board consideration of Administration recommendation
- September 29-October 4 – Additional Commissioner input accepted
- October 5 Board – Administration final recommendation considered by Board



Thank you

